

Message Text

CONFIDENTIAL

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 IGA-01 L-02 EB-07 RSC-01 /027 W

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R 032231Z JAN 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3896

C O N F I D E N T I A L QUITO 0079

FOR ROGERS AND MURPHY

E.O. 11652: GDS

TAGS: PFOR, EC

SUBJECT: AID PHASE-OUT

REF: A) STATE 279044 B) QUITO 8843

1. I LOOK FORWARD TO MEETING WITH YOU TO DISCUSS THE PRESENT STATUS OF THE AID PHASE-OVER/OUT PACKAGE AND WHERE WE PROCEED FROM HERE. IN THE MEANTIME, I HAVE SOME COMMENTS ON THE ISSUES RAISED IN REF A WHICH YOU MAY WISH TO CONSIDER BEFORE WE MEET.

2. REF A INDICATED "THAT WE CANNOT GUARANTEE A LOAN", RAISING THE POSSIBILITY THAT THE ISSUE IS IN DOUBT, DIFFERING FROM WHAT WE PREVIOUSLY HAD BEEN LED TO BELIEVE. WE TOLD THE GOE IN OUR AIDE MEMOIRE, DELIVERED TO THE GOE ON OCTOBER 30, THAT "THE US IS ALSO PREPARED TO CONSIDER FOR AUTHORIZATION BEFORE JUNE 30, 1975, A SMALL LOAN FOR THE EXTERNAL COSTS OF ON-GOING AND RELATED TECHNICAL ASSISTANCE ACTIVITIES IN EDUCATION, AGRICULTURE, HEALTH AND FAMILY PLANNING. SUCH LOAN FUNDS WOULD BE AVAILABLE FOR DISBURSEMENT ONLY THROUGH JUNE 30, 1977." THE IMPLICATION SEEMS CLEAR TO ME, AND I AM SURE TO THE GOE, THAT IF WE CAN AGREE ON THE OVERALL PHASE-OVER PACKAGE AND THE CONTENT OF THE LOAN AND ITS TIMING, THAT A LOAN WILL BE FORTHCOMING.

3. IN ADDITION, THE NUMEROUS MESSAGES WITH WASHINGTON, CONFIDENTIAL

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STARTING WITH THE DISCUSSION OF THE PRE-IG-ARA REVIEW IN

JUNE, AS WELL AS MY CONVERSATIONS DURING MY OCTOBER CONSULTATION, ALL SEEMED TO BE LEADING TOWARD OR PRE-DICTED ON SUCH A LOAN BEING AVAILABLE IF THE PHASE-OVER PACKAGE CAN BE MUTUALLY AGREED UPON. THE MESSAGES CLARIFIED THE CONTENT AND TIMING OF THE LOAN, NOT WHETHER THERE WOULD BE ONE OR NOT.

4. I WILL BE PREPARED TO DISCUSS THE ISSUE OF HOW WE PREPARE THE APPROPRIATE DOCUMENTATION AND PROVIDE FOR AID/W REVIEW OF THE LOAN PROPOSAL IN ORDER TO ACHIEVE A FY 75 AUTHORIZATION INCLUDING CLEARING UP MANY MIS-UNDERSTANDING PRESIDENT RODRIGUEZ MAY NOW HAVE REGARDING TIMING. I BELIEVE SATISFACTORY ANSWERS ARE AVAILABLE ON THESE POINTS.

5. AS REGARDS DEIDS, REF A ALSO SEEMS TO REFLECT A SHIFT IN POSITION AND INSTRUCTION WHICH I WOULD LIKE TO DISCUSS WITH YOU. INITIALLY, THE PROJECT WAS PROPOSED ON ITS TECHNICAL MERITS AND THE APPROPRIATENESS OF THE SITUATION IN ECUADOR TO THIS WORLDWIDE EXPERIMENT. AS LATE AS SEPTEMBER 23 (STATE 204315), THE USAID WAS INSTRUCTED TO INFORM THE GOE THAT THE DEIDS PROJECT WAS APPROVED SUBJECT ONLY TO THE PROVISION THAT THE GOE ASSUME ALL COSTS AFTER THE INITIAL FIVE YEARS. THE CABLE STATED "MISSION AUTHORIZED TO ADVISE AND ASSIST APHA IN CONCLUDING AGREEMENT WITH GOE. " (SUBSEQUENTLY, IT WAS AGREED THAT THE AGREEMENT BE BETWEEN THE USAID AND THE GOE.) THE USAID SO INFORMED THE GOE AND REPORTED THIS TO AID/W. SUBSEQUENT PHONE CALLS AND ACTUAL AND PROPOSED VISITS FROM AID/W AND APHA OFFICIALS REPEATEDLY URGED THE USAID TO MOVE THE GOE FASTER TOWARD A SIGNATURE. IN FACT, A DECEMBER 15 SIGNING WAS, AT ONE TIME, PROPOSED TO WHICH AID/W SUGGESTED SENDING A REPRESENTATIVE. BEGINNING IN SEPTEMBER, THE DEIDS PROJECT FOR ECUADOR WAS INCLUDED IN THE OVERALL PHASE-OUT PACKAGE. IT WAS SPECIFICALLY MENTIONED AS AN EXCEPTION TO THE TERMINATION OF GRANT FUNDING IN FY 75 AND, AT ONE POINT, THE REASON FOR NOT INCLUDING SIGNIFICANT HEALTH ACTIVITIES IN THE PROPOSED TC LOAN. IN ONE MESSAGE (STATE 228524 OF OCTOBER 17),

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SIGNING OF BOTH THE DEIDS PROJECT AND THE FY 75 BILATERAL PROGRAM WAS MADE CONTINGENT UPON THE GOE'S ACCEPTANCE OF THE OVERALL PHASE-OVER PACKAGE. SUBSEQUENTLY, WE WERE AUTHORIZED TO PROCEED WITH THE FY 75 BILATERAL GRANT PROGRAM AND WE CONTINUED TO RECEIVE URGINGS FROM AID/W (TAB) AND APHA, BASED ON THEIR CONSTANT CONTACT WITH TAB, TO MOVE AHEAD WITH DEIDS. HENCE, IT COULD HAVE BEEN ASSUMED THAT THE DEIDS PROJECT WAS IN THE

SAME CATEGORY AS THE REVISED POSITION FOR THE FY 75
BILATERAL GRANT PROGRAM FOR CY 75, I.E., A NEGOTIATION
TO BE CONCLUDED ASAP SO WE COULD PROCEED TO CLARIFY
FOR 1976 AND BEYOND THE PHASE-OVER TO REIMBURSABLE
TECHNICAL ASSISTANCE. I WILL WISH TO DISCUSS WITH YOU
HOW WE RESPOND TO THE GOE IF IN RESPONSE TO OUR PREVIOUS
DISCUSSIONS AND COMMUNICATIONS THEY INDICATA A WILLINGNESS
TO SIGN THE DEIDS PROJECT. THERE IS A POSSIBILITY THAT THIS
WILL HAPPEN SHORTLY.
BREWSTER

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